No. 245.
Brief of White, Phillips & McKenney
for P. E.
Filed April 25, 1898

APR 25 1898
JAMES H. McKENNEY,
CLERK

Supreme Court of the United States.

OCTOBER TERM, 1897.

No. 245.

WALTER H. HARRISON, Plaintiff in Error,

vs.

FRANKLIN J. MORTON.

IN ERROR TO THE COURT OF APPEALS OF THE STATE OF MARYLAND.

BRIEF FOR PLAINTIFF IN ERROR.

WM. PINKNEY WHYTE,
SAMUEL F. PHILLIPS,
FREDERICK D. MCKENNEY,
For Plaintiff in Error.

JUDD & DETWEILER, PRINTERS, WASHINGTON, D. C. 4-25-'98

IN THE

Supreme Court of the United States

OCTOBER TERM, 1897.

No. 245.

WALTER H. HARRISON, PLAINTIFF IN ERROR,

vs.

FRANKLIN J. MORTON.

BRIEF FOR PLAINTIFF IN ERROR.

This suit was brought by the plaintiff in error, Harrison, against the defendant in error on the 8th of February, 1895, in the Baltimore City Court, to recover the sum of $300,000 damages for the breach of a contract under seal for the sale of certain patent rights.

Under that contract the plaintiff in error sold, and the defendant in error bought and agreed to pay for, a certain machine, method, and device for making barrels and kegs, and all his right, title, and interest in certain pending letters patent therefor, when issued, at and for the price of three hundred thousand dollars, whereof one hundred thousand dollars were to be paid in cash within ten days after the issuing of letters patent, and the remaining two hundred

thousand dollars were to be paid in the full-paid, non-assessable shares of a corporation, to be incorporated and organized by the defendant in error, Morton, under the laws of Maryland, with a capital stock of five hundred thousand dollars. (R., p. 7.)

The pleas were:

First. *Non est factum.*

Second. That the signature of the defendant in error to the alleged agreement was procured by the fraud of the plaintiff in error.

Third. That the signature of the defendant in error was procured by the undue influence of the plaintiff in error.

And also three supplemental pleas on equitable grounds:

1st. That there was no consideration for the alleged agreement.

2d. That at the date of the alleged agreement Harrison was not the owner of and had no valid title to the machine, method, and device mentioned in the declaration.

3d. That at the time of the alleged assignment of the patent Harrison was not the owner of and had not a valid title to the said patent.

The defendant also filed a plea of set-off, and upon demand for a bill of particulars of such set-off filed a bill of particulars, amounting to thirty-one thousand seven hundred and ninety-one dollars and fifty-two cents ($31,791.52).

Replications were duly filed and issues joined on all of them. (R., pp. 12, 13.)

The case was tried before the judge without a jury. (R., p. 13.)

The trial judge rendered a general verdict for the defendant, on which judgment was entered for $35,091.65, with interest and costs. (R., p. 13.)

An appeal having been taken to the court of appeals of Maryland by the plaintiff Harrison, the judgment of the court below was affirmed by the said court of appeals on the 17th of June, 1896, for $39,091.65, with interest from the 13th of December, 1894, until paid, and costs. (R., p. 183.)

On September 21, 1896, a writ of error to review this judgment was issued to the court of appeals of Maryland.

ASSIGNMENT OF ERRORS.

1. It was error to decide that under the laws of the United States the assignments from Henry Campbell to Walter H. Harrison, dated the 11th day of September, A. D. 1894, and the 26th day of November, 1894, respectively, purporting to convey to the said Harrison the "entire right, title, and interest in and to the application for patent—serial number, 522,266—and the patent right contained therein and covered thereby," operated to convey to the plaintiff Harrison merely the equitable title in and to said invention and the patent rights covered by said application.

2. It was error to decide that the said assignments were not drawn as the laws required, and hence did not convey the legal title to the invention in question.

3. It was error to admit in evidence the minutes of the Campbell Barrel Machine Company as tending to show that the said Company had acquired an equitable title to the in-

vention covered by the contract sued upon prior to the assignment thereof by Campbell to the plaintiff Harrison.

4. It was error to decide that notice of the equitable title to the said patented invention in the Campbell Barrel Machine Company was properly to be imputed to the said Harrison, because he himself held at most but an equitable title in and to said invention.

5. It was error to decide that the trial court found that the invention described in the declaration was embraced in the alleged agreement between Campbell and the Campbell Barrel Manufacturing Company, and that therefore such agreement was a good defense to this action.

6. Error in the admission of testimony tending to prove that the contract sued upon had not been delivered.

7. Error in the admission of testimony tending to prove representations alleged to have been made by the plaintiff Harrison to the defendant in connection with the exploiting of a certain gold mine in North Carolina, prior to the date of the contract sued upon.

8. Error in the admission of testimony tending to prove fraud or undue influence on the part of the plaintiff in procuring the signature of the defendant to the contract sued upon.

9. Error in rejecting plaintiff's first prayer as offered by him.

10. Error in rejecting plaintiff's fourth prayer as offered by him, and in granting in lieu thereof the substitute as prepared by the court.

11. Error in granting defendant's first prayer.

12. Error in granting defendant's second prayer.

ARGUMENT.

It will be observed from the record that upon a petition filed by the plaintiff in error for the production of the contract sued on in this case and alleged to have been in the defendant's possession, instead of producing it and setting up the defense afterwards attempted, he answered "that he does not hold in his possession or under his power any contract between the plaintiff and defendant such as is mentioned in the declaration dated 8th December, 1894, and, not having possession or control of it, cannot produce it." (R., p. 15.)

Subsequently at the trial, on notice to produce the same extract similarly described, the defendant in error produced it. (R., p. 16.)

The printed record does not show that the court signed and sealed the first, second, and third bills of exceptions, but a certificate from the clerk of the court below, which was filed with the clerk of the Court of Appeals, shows that this is a clerical error, and that in fact said first, second, and third bills of exceptions were duly signed and sealed by Judge Dobler.

1*st Exception* (R., p. 2).

The plaintiff in error offered evidence tending to show that the contract sued on was signed and sealed by the plaintiff in error and defendant in error, and was left in the possession of the latter as a complete and operative instrument according to its terms, and that in accordance with the contract and shortly after its execution the plaintiff executed to the defendant an assignment of his right to the invention therein mentioned, on which application for a patent was then pending, and that the defendant afterwards employed and paid patent attorneys to procure for him the patent from the

United States and from the governments of other countries, and that the application for a patent was allowed by the United States in December, 1894, and letters patent afterwards granted therefor, dated January 22, 1895.

The defendant in error offered testimony tending to show the circumstances under which the agreement sued on was signed, and then offered himself as a witness. After testifying as to the set-off pleaded by him, the following question was put to him, viz:

"Now, Mr. Morton, passing from that for the time being, so as not to detain the court, two papers—two duplicates of one paper—dated the 8th of December, 1894, have been offered in evidence, the general purport of which is an agreement on your part to purchase certain devices—patent devices—for $100,000, and these are dated December 8, 1894. Now, I want to ask you whether in the early part of 1894 you had had any conversation with Harrison and with Campbell with reference to that device—that patent. If so, what did you agree, and on what terms to it, in connection with that device and that patent device?"

The plaintiff in error objected to this question, but his objection was overruled, and the first exception is to the overruling of this objection.

The question was answered, and in order that the court can see what the defendant in error said in answer to this question, and how material to the plaintiff the error of the court below was in allowing the question to be put and answered, the answer is subjoined:

"Mr. Harrison told me that Mr. Campbell had a patent for making kegs; he came into my office and asked me to go up to his office and look at it; I went up there and saw him, and he was in my office afterwards, and we talked there about it being a desirable thing, and if it could be used in conjunction with the old company.

"He came into my office afterwards, and also Mr. Campbell was there, and they talked about it and about its being a desirable thing and the benefit that would come in tak-

ing hold of it, or something to that effect, and I told them I would not do anything at all until I got the money he owed me; I would not go into any agreement or have anything to do with him until I got my money that was owing. He also talked about how, if it was taken, how much benefit each one would get; that I would get a benefit, Mr. Harrison would get a benefit, and Mr. Campbell would get a benefit, and I told them there, the ones that made the talk. Mr. Harrison made the talk and I sat and listened. I did not make any agreement, no arrangement, or no understanding at all, and I told them I would not have anything to do with him until he paid me my money, and then he asked me if I would take it in trust, and I told him yes, *I would take it in trust.* He said there was a small amount of expenses in getting out the patents, &c. Well, I said I would pay that; *I would take it in trust for them* and pay that. He said Mr. Campbell had given it to him in trust and asked me if I would take it in trust. That was the way of that. He said there would be some small expenses of getting out the patents in Washington."

Record, 102.

The court will see that, while the exception to the testimony referred to was overruled by the court of appeals, it was on the ground that the evidence was admissible under the plea of *non est factum*, "which tended to show that the money paid and acts done by the defendant were paid and performed not in pursuance of the alleged contract, but in execution of another contract," namely, under a contract to take the patents, paying the expenses, and *holding them in trust* for the plaintiff; and yet, in that view, as it will be hereafter seen, the court of appeals undertook to destroy the validity of the patents, and to declare that the plaintiff had no title thereto. (R., pp. 178, 181.)

2*d Exception* (R., 104).

This exception was taken to the ruling of the court permitting the following question to be put to the appellee and answered by him:

"Mr. CARTER: Now, Mr. Morton, there has been offered in evidence by us this morning that arrangement by which you advanced $2,500.00 to enable Mr. Harrison to exploit this North Carolina gold mine. What representations, if any, did Mr. Harrison make to you about that gold mine in connection with the money he owed you on other occasions?"

This question was objected to by the plaintiff's counsel because the transaction to which it referred took place on the 1st of November, while the contract in suit was dated December 8, 1894, and because the question was leading and not bearing on any issue in the *case*.

These objections seem to be quite sufficient to show the error of the court in permitting the question, and the answers of the defendant to this question and to the three succeeding questions, which grew out of it, also make it quite clear that the ruling of the court was prejudicial as well as erroneous.

The third and fifth exceptions were abandoned by the plaintiff in error in the court of appeals. (R., pp. 115, 126.)

4th Exception (R., p. 122).

This exception was taken to the overruling of the court of the appellant's objection to the following question put to the appellee:

"Now, prior to the 8th of December, what had been the only talk that you had had with Harrison or Campbell, or either of them, with reference to this device? What had you been asked to do by them, and what had you said that you would do? Now, first, what had you been asked to do?"

The testimony proposed to be elicited by this question could only be admissible in support of the issue of fraud or undue influence in the procurement of the signature of the defendant in error to the agreement sued on, and conse-

quently, inasmuch as no testimony of fraud or undue influence was offered, this question was improperly allowed to be answered, and as the answer was manifestly prejudicial, the ruling of the court constitutes sufficient ground for reversal.

The allegations of fraud and undue influence were abandoned by the defendant in error.

6th Exception (R., p. 163).

A brief reference to the pleadings and to some of the testimony will be necessary, in order to give a clear understanding of the question presented by this exception.

In his second and third supplemental pleas on equitable grounds the defendant averred that the plaintiff was not the owner of and had no valid title to the patented machine in question, nor to the patent issued therefor.

At the trial it was proved that on the 11th day of September, 1894, Henry Campbell made to the plaintiff an assignment of a one-half interest in his then pending application to the United States Patent Office for a patent for the invention mentioned in said assignment, and that afterwards, on or about the 26th of November, 1894, he made to the plaintiff a further assignment of all his interest in his said pending application and in and to the patent thereon, whenever the same should thereafter be granted.

On the 8th day of December, 1894, the agreement sued on was executed, and on the 10th of December, 1894, the plaintiff executed to the defendant and the defendant accepted an assignment, dated the 8th day of December, 1894, of all the plaintiff's interest in said machine and patent. The patent was allowed by the United States Patent Office in December, 1894, and on the 22d day of January, 1895, a patent was issued by the United States *in the name of said Henry Campbell* for the invention described in the two

assignments from said Campbell to the plaintiff and from plaintiff to the defendant.

The defendant, for the purpose of sustaining the issue joined on the said second and third supplemental pleas on equitable grounds, proposed to prove that in January, 1892, said Henry Campbell, for the alleged consideration of $90,000 in capital stock of the "Campbell Barrel Machine Company of Baltimore City," offered to sell certain inventions mentioned in his written proposition to that company for barrel and keg machines; that his proposition was accepted by said Campbell Barrel Machine Company, and that the machine sold by him on September 11, 1894, and November 26, 1894, and the letters patent for which he had applied, and which were pending at the time of said sale to the plaintiff, were covered by the said sale made by him in January, 1892, to the said Campbell Barrel Machine Company.

In order to prove this alleged sale by Campbell to the Campbell Barrel Machine Company, the defendant offered the book of minutes of said Campbell Barrel Machine Company, showing the proceedings held at a special meeting of the shareholders on January 9, 1892, at which his proposition to make said sale to said company was presented and accepted.

The plaintiff objected to the admission of said minutes, but the court overruled his objection and allowed the minutes to be read in evidence.

This testimony was inadmissible, first, because the original proposition of said Henry Campbell to the Campbell Barrel Machine Company was not produced, nor its absence sufficiently accounted for, the minutes offered in evidence containing nothing but an alleged copy of his said proposition; secondly, because even if such secondary evidence of his proposition was admissible because of the failure after proper search to find the original, the alleged sale itself was not admissible to impeach the title of the

plaintiff as a subsequent *bona fide* purchaser from said Campbell for value without notice.

1st. No sufficient foundation for the secondary evidence was laid. In view of the important character of the original, alleged to have been lost, a more thorough search for it should have been shown to have been made. The authorities are clear and full on this point.

2d. The alleged sale to the Campbell Barrel Machine Company was not recorded in the Patent Office. The assignment from him to said company, which was recorded, did not *profess* to cover any improvements which he might thereafter make to the said machine or in the principle or process claimed by him, nor did the defendant propose to follow the testimony up by evidence of actual notice to the plaintiff of said alleged assignment by Campbell to the Campbell Barrel Machine Company.

There could be no conflict of equities. There was no sale of any future improvements, nor could there be. The proposal was merely that the Campbell Barrel Machine Company should be entitled to such improvements, if they should be made.

This was simply an executory contract, and gave no title to the invention in dispute, as if sold to that company. Whatever rights the Campbell Barrel Machine Company may have had against Campbell is a question of contract merely, and not one under the inherent meaning and effect of the patent laws.

Regan Vapor E. Co. *vs.* Pacific Gas Engine Co., 49 Fed. Rep., 68, or 7 U. S. App'ls, 73.

This ruling of the court, it is respectfully submitted, was altogether erroneous, and inasmuch as the evidence which the court admitted tended to sustain the second and third

supplemental pleas on equitable grounds of the defendant, and to show that the *defendant* did not acquire from the plaintiff a valid title to the machine and to the letters patent therefor, because the plaintiff himself had not acquired a valid title from said Henry Campbell, the ruling was manifestly most prejudicial to the plaintiff and calls for a reversal of the judgment.

The title of Harrison does not depend upon any decisions or principle applying to covenants relating to real estate and equities growing out of them, but is to be determined exclusively under the terms of the patent laws. Whatever rights the Campbell Barrel Machine Company may have against Henry Campbell must be determined by the terms of the contract between them, but cannot be considered in this case.

The plaintiff's objection to this testimony was and is that inasmuch as there was no record in the Patent Office of this agreement of January, 1892, between Campbell and the Campbell Barrel Machine Company, whereby, as was claimed, he covenanted to assign not only the invention then made, but all that he might thereafter make relating to the same subject-matter and involving the same principle, the plaintiff's title under the subsequent assignments to him from Campbell was superior to that of said Campbell Barrel Machine Company, the plaintiff not being shown to have had any knowledge or notice of said alleged agreement of January, 1892, between Campbell and the Campbell Barrel Machine Company. In support of this contention we refer to—

Wright *vs.* Randle, 8 Fed. Rep., 599.

Harrison had no notice, actual or constructive. The burden of proving such notice is on the defendant, and not a particle of evidence was offered by him to sustain said contention. There must be proof to bar a *bona fide* purchaser.

Could the Campbell Barrel Machine Company have filed a bill for specific performance of the alleged agreement by Campbell, and by injunction have restrained him and Harrison from assigning the letters patent to Morton? Clearly not. Harrison must have had notice of the previous agreement, if any, and the burden of proof was on the defendant.

N. Y. P. Bag Co. *vs.* Union B. P. Co., 32 Fed. Rep., 787, 788.

There can be no implication of notice from the record, if any, in the Patent Office. It would have been unauthorized and therefore not important. (*Ibid*, 788.)

Of course, the title of an equitable purchaser must be protected when it can be, consistent with the rights of others.

Whitney *vs.* Purr, 115 Illinois, 293.

Such an argeement would only be good against those who purchase with notice.

Con. Windmill Co. *vs.* Empire W. Co., 8 Blatchford, 298.

Consol. Elec. Co. *vs.* Edison Co., 25 Fed. Rep., 720.

By operation of law, the legal title to the patent, upon the issuance thereof, *eo instanti* vested in the ultimate assignee.

Consolidated Electric Light Co. *vs.* Light Co., 34 Fed. Rep., 335.

Pontiac Knit Boot Co. *vs.* Merino Shoe Co., 31 Fed. Rep., 286.

As between the right of a person holding a contract for such an interest and the right of a *bona fide* holder or purchaser for a valuable consideration and *without notice*, the latter must prevail. The defendant must deny that the plaintiff is a *bona fide* purchaser, and must assume the burden of impeaching the legal title.

Gibson *vs.* Cook, 2 Blatchford, 144.

The inventor has an inchoate right to the exclusive use of his invention—it being complete—and he could assign it, so that the legal right which would result from the issue of the patent would vest in his assignee.

Gayler *vs.* Wilder, 10 Howard, 477.

Where the conveyance precedes the granting of the patent, and the assignment is first recorded, the patent may be issued to the assignee.

Rev. Stat. U. S., §§ 4895–'6.

The plaintiff here claims title through two assignments from Campbell, each being for one-half interest in a certain application filed in the Patent Office of the United States, at Washington, D. C., which application is for letters patent covering the invention of a machine for forming and making barrels and kegs.

It is respectfully suggested that the court below fell into rror in supposing that, because these assignments did not contain a request that the letters patent should issue to the assignee, that when the letters were issued in the name of the inventor he only took an equitable and not a legal title to the patent rights in the invention, and to justify this conclusion the court of appeals of Maryland relied upon a statement in Robinson on Patents, sections 411–414, that "the assignment of a right to obtain letters patent is in effect a contract to assign the patent when issued, and as such is enforceable in equity." But "such an instrument creates no legal title to the patent."

The broad statement made by Robinson, and thus acted upon by the court of appeals, is not borne out by the authorities cited by him or by the said court of appeals.

It is a familiar principle that an invention already accomplished is a proper subject of a common-law conveyance—*i. e.*, of one transferring a *legal* interest therein. In Regan

Vapor Co. *vs.* Pacific Gas Co., 7 U. S. Apps., 73, the court draws a distinction in this respect betwixt inventions already accomplished and inventions merely contemplated, holding that in the latter case a conveyance can carry only an *equitable* interest. In the present case the invention was one already accomplished and the conveyance thereof valid at common law upon assignment.

Therefore, if no United States statute has expressly or impliedly added to the requirements, in point of form or otherwise, which the common law makes for a transfer by one citizen to another of a legal interest in an invention already accomplished, an employment of a common-law form is sufficient.

Such is the present case: One Campbell, an inventor, transferred, for a valuable consideration and by a conveyance valid at common law, the invention in question to the plaintiff Harrison.

But it is said that such conveyance contained no clause of request to the Commissioner of Patents, etc., to issue to *Harrison* letters patent for such invention, and therefore that the latter acquired only an *equitable* title, and in consequence is postponed in point of right to a previous assignment by Campbell by *executory* contract.

We submit that there is no suggestion in the patent statutes to the effect that conveyances of inventions are subject for their effect in point of law to such a clause, and no power (even *ambiguously* expressed) conferred by any statute upon the Commissioner of Patents, etc., to impose one or other qualification of right of private property as a penalty for the omission of such a clause. Any such pretended imposition by that office is therefore *pravus consuetudo*.

All that is material on this point, which is required of buyers and sellers by the statutes, is (R. S., sec. 4898): "Every patent or any interest therein shall be assignable in law by an instrument in writing," such assignment to be void as against any subsequent purchaser for value unless

recorded in the Patent Office within three months from its date.

And the duty of the Patent Office upon this point to such assignees is likewise thus simply defined (R. S., sec. 4895): "Patents may be granted and issued or reissued to the assignee, inventor, or discoverer, but the assignment must first be entered of record in the Patent Office; and in all," etc. [unimportant here].

The word "may," in the section last quoted, is of course imperative—*i. e.*, is to be read "must." In addition to the usual familiar arguments for this interpretation in cases where "may" defines statutory duties of public officers in regard to rights of private citizens having dealings with these, we notice that the word "may" is the one employed in Revised Statutes, section 4886, to define the right which any inventor, etc., has to obtain letters patent in any case.

The word "assignment," in section 4895, is (except so far as affected by some statutory context thereupon) a common-law term, and so also is the word "record." The legislature has chosen to employ the former to define *the proper method of transferring title*, and the latter to define that of *notice* thereof to the public and to the department. It seems impossible to conceive that it is competent for any other department of the Government to add to these definitions, or, to come more closely to the features here, could enforce a regulation the scope of which is its own official convenience, by providing that non-compliance therewith shall seriously impair title to property otherwise properly conveyed according to law.

In submitting these observations we have not been inadvertent to the long train of decisions which has been made upon the validity of *constructions by public officers* upon statutes which departments are called upon to execute. A late case involving these is *U. S. vs. Tanner*, 147 U. S., 661; and lists of the more important decisions upon the same matter

are given in *U. S. vs. Union Pac. R. R. Co.*, 37 F. R., 551, and *Rand vs. U. S.*, 38 *ibid.*, 665.

In some of these cases the courts have deferred to the departmental decisions, and in others have overruled them. In all, however, they have required that the statute under construction should have been *ambiguous* or *obscure*. Generally, in cases where the court has concurred with the department merely for the reason that there has been a long train of decisions in the latter to the same effect, this has been done in that class of such cases where the train of departmental or other official decisions has been in *contradiction* of a claim of the Government in whose service the department, &c., was—that is, a train of decisions *quasi by the Government against itself*. Such, for instance, was that of the very first case in the list, that of *Edwards vs. Darby*, 12 Wheat., 206, where the point in dispute was the effect of a questionable survey made by the land office of a State to divest the State of title.

We submit, as above, that the statutes in question are not ambiguous as to the form of conveyance requisite to pass title between man and man as to the requisites of a due notice of such transfer to the department.

7th Exception (R., pp. 173 to 175).

This exception brings up the court's rulings on prayers.

PLAINTIFF'S FIRST PRAYER.

This prayer should have been granted as offered.

The prayer as offered asked the court to rule "that there is no evidence that the plaintiff had any knowledge or notice of said agreement between said Campbell and said Campbell Barrel Machine Company." In rejecting the prayer as offered, but granting it with a modification omitting these words, the court, it is respectfully submitted, plainly erred.

No evidence was offered tending to show that the plaintiff had actual notice or knowledge of the alleged agreement of January, 1892, between Campbell and the Campbell Barrel Machine Company, and for the reasons and upon the authorities already cited in the statement of the sixth exception, the plaintiff cannot properly be charged with constructive notice.

This ruling of the court was a material and vital error.

PLAINTIFF'S SECOND PRAYER.

Plaintiff's second prayer asking the court to rule that the defendant had offered no evidence legally sufficient to show that the contract set out in the declaration was procured by fraud or undue influence having been conceded, there is no occasion to do more than to call the court's special attention to this concession and to its importance throughout the whole discussion.

PLAINTIFF'S THIRD PRAYER.

This prayer asked the court to rule "that the defendant has offered no evidence legally sufficient to show that there was no consideration for the agreement set out in the declaration." The agreement, being under seal, necessarily imported a consideration, which, upon the issue joined on the defendant's first supplemental plea, on equitable grounds, it was incumbent upon the defendant to disprove, there being confessedly no evidence of fraud or undue influence in procuring the execution of the agreement. The plaintiff, so far as the present defense is concerned, was entitled to recover, unless the defendant supported by competent evidence the issue raised by him, that there was no consideration. If our contention in regard to the validity of the plaintiff's title be correct, as we have endeavored to show hat it is, the assignment of the machine and of the letters

patent therefor were a sufficient legal consideration, and accordingly the court erred in rejecting this third prayer of the plaintiff.

PLAINTIFF'S FOURTH PRAYER.

The court erred in rejecting the plaintiff's fourth prayer and in granting in lieu thereof the instruction prepared by the court as a substitute for it. The plaintiff was entitled to a distinct instruction that there was no evidence legally sufficient to show that he had any knowledge or notice of the alleged agreement of January, 1892, between Henry Campbell, his assignor, and the Campbell Barrel Machine Company, and the court erred in rejecting the plaintiff's fourth prayer, which contained this statement, and in substituting for it the court's own instruction, which left it to be found as a matter of fact whether the plaintiff had any knowledge or notice of said agreement of January, 1892, between Campbell and the Campbell Barrel Machine Company, when he made the agreement sued on. There being no evidence that he had any such knowledge or notice, it was clearly erroneous to submit that question to be passed upon by the court sitting as a jury.

This is the material difference between the plaintiff's fourth prayer and the court's instruction granted as a substitute for it, and for this error the plaintiff asks a reversal.

The plaintiff's prayer asserts the validity of Morton's title under the assignments from Campbell and Harrison, as the plaintiff had no notice of any prior title in the Campbell Barrel Machine Company, and there was no evidence thereof, but the court's substitute only says there was no evidence to show that the Campbell Barrel Machine Company *claimed* any interest in the patent.

But the minutes offered in evidence were for the purpose of making a claim on the part of the Campbell Barrel Machine Company. It was for the very object of establishing a claim to these improvements that the evidence was admitted.

DEFENDANT'S FIRST AND SECOND PRAYERS.

These two prayers should be discussed together. They are inconsistent with each other, the question of delivery *vel non*, submitted in the first, being inconsistent with the special facts hypothetically put in the second prayer.

A special exception to the second prayer was filed because of the total failure of legally sufficient evidence to sustain the hypotheses of fact which it contains. The plaintiff will maintain that there is in the record no evidence sufficient to prove the several matters set out in this second prayer, and that for this reason it should not have been granted.

The conduct of the defendant after the execution of the agreement sued on—his recognition of the contract as an existing outstanding agreement between him and the plaintiff—his employment of an attorney to procure the patent rights in this country and from foreign governments—his payment of the fees necessary for such purpose—his recognition of the assignment of the patent right made to him by the plaintiff—his assertion of ownership of the patent and of the patented article—his declarations to the plaintiff's witnesses that he had made the contract, and his whole conduct after its execution, absolutely repel the theory attempted to be set up in this second prayer.

With the abandonment of the distinct allegation that the execution of the agreement had been procured by fraud and undue influence, this new ground of defense absolutely fails.

Full knowledge of the contents of an instrument deliberately signed and sealed will be imputed to a party whose mental capacity is not disputed, and when, as here, after alleging that he was induced to sign it by fraud and undue influence, he abandons such defense, he cannot be permitted

to set up a defense not only inconsistent with such allegations, but not raised upon the pleadings.

There is no issue in this case of any such understanding between the plaintiff and defendant as is set out in the defendant's second prayer, and all the testimony referred to in the alleged support of it is necessarily irrelevant, incompetent, and insufficient.

The plaintiff's exception to the second prayer of the defendant should have been sustained and the prayer itself should have been rejected, and a reversal is also asked by reason of this error.

It is true that the burden was on the plaintiff to prove delivery. But how can delivery be proved?

"Delivery, as well as approval, may depend on circumstances, such as the place where the bond is found, the *indorsements upon it*, and inferences fairly deducible from the *facts of the transaction*."

Burgess *vs.* Lloyd, 7 Md., 201.
Brown, &c., *vs.* Murdoch, 16 Md., 533.

The contract on its face is dated, signed, sealed, and witnessed.

All the witnesses for the plaintiff prove the delivery and acceptance.

It is dated December 8, 1894, and witnessed same day by Carey Cole, and on 22d of December, 1894, witnessed by Campbell. Indorsed on the back of it is a payment.

The defendant admitted he accepted the assignments under a "trust," but with no declaration thereof, and holds now these patents, and under that admission the prayer of the defendant was granted. It required the finding that the sealed instrument was never delivered, in the teeth of his own admission that it was delivered, but that he held the contract and assignment of patent under a trust.

The repugnant theories of the first and second prayers are irreconcilable.

That "the papers were to be signed by the parties in duplicate and both kept in the defendant's possession, and should not be of any force, and should belong to the defendant until he chose to put it in force," is so inconsistent with the theory of the first prayer as to destroy all confidence in either of them.

The testimony of the defendant himself on this point is worthy of the attention of the court:

"The language was that if I signed them they would be of no force; that they would be held by me as long as I chose.

"They were of no value and no force, and only put in use as I chose—whenever I chose.

"Yes, sir; he said I should keep them both; *both said they regarded them as mine.*

"Q. Have both copies—both duplicates, if you will call them so—been in your possession from that time down to the day that we produced them here, the day that the case began before his honor Judge Dobler?

"A Yes, sir; *they were all right in my possession, right in my office.*" (R., p. 107.)

A comparison of this statement with that made under oath will show the reliability of the defendant, upon whose testimony as to delivery of the contract the court below acted. (R., p. 15.)

But the pretense that the contract had not been accepted in its full force is positively negatived by the testimony of the defendant's book-keeper and witness.

Speaking of an interview between the plaintiff and defendant in *January*, 1895, the latter said to the former: "I want you to come up and go to the Mercantile Trust Company with me and my clerk and let him *destroy or cancel* the signatures on this contract."

"Mr. Morton wanted Mr. Harrison to go to the Mercantile Trust Company with me, and for me to cancel the signatures.

"He said, 'Let my clerk cancel the signatures.'"
(R., pp. 157, 158.)

Why should the signatures be cancelled if the contract had never been delivered, or if it had been delivered only to be put in force when the defendant chose?

Does it not refute both theories of the defendant? Such testimony was not legally sufficient to justify the granting of such a prayer. The contract was not delivered on condition. When a condition is set up it must be clear and definite. All the cases show this.

Ware *vs.* Allen, 128 U. S., 596.

Pyne *vs.* Campbell, 6 Ellis and B., 370.

But if the latter theory was true, the defendant did exercise his option. The contract was signed December 8, 1894. He immediately went to Watson, the patent attorney, gave him power of attorney to take charge of the matter in the Patent Office—power of attorney to get foreign patents. He paid Graham & Lowe, patent attorneys, fees earned by them in filing applications, &c., for Campbell and Harrison. He made application in his own name for the British patents *December* 10, 1894, he took from Harrison the assignment of the patent and the right to the monopoly. He paid for all these things, between December 8 and December 31, the sum of $2,714.80. All these acts in performance of his obligations under the contract he did in December, 1894. (R., p. 54.)

The defendant desired to employ the witness Noyes to take charge of the mechanical part of the business to be conducted under this patent. He told him "he (Morton) had purchased it from Mr. Harrison, and that it was his idea in meeting me, to see if I would go on and build them as I had built works for the Campbell Barrel Machine Company." (R., p. 64).

There is no issue in the case of any such alleged understanding between the plaintiff and the defendant as is set out in the second prayer, and all the testimony referred to

in alleged support of such theory is necessarily irrelevant, incompetent, and insufficient. Accordingly, the plaintiff's exception to this second prayer should have been sustained and the prayer itself rejected, and a reversal is also asked by reason of this error.

W. PINKNEY WHYTE,
S. F. PHILLIPS,
F. D. MCKENNEY,
For Plaintiff in Error.